GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3012
ANSWERED ON:10.08.2001
BANK FRAUDS
PAWAN KUMAR BANSAL

Will the Minister of FINANCE be pleased to state:

(a) whether fresh systematic changes have been brought about in the banking system to check frauds with the banks;

(b) if so, the details/salient features thereof; and

(c) the total amount involved in frauds with the scheduled banks during each of the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) :Reserve Bank of India as a part of its supervisory responsibility, has been advising banks from time to time about the common fraud prone areas and the measures to be taken to prevent/reduce the instances of frauds. These measures include implementation of the recommendations of the Ghosh Committee which reviewed frauds and malpractices in the banking system in 1991, introduction of a system of concurrent audit covering branches accounting for 50 per cent of the business, proper custody and maintenance of security forms, monitoring of cash deposits and withdrawals of Rs.10 lacs and above and periodical rotation of staff etc. In the context of Bank Financing equities and investment in Shares, RBI as per revised guidelines has prescribed a ceiling of 5 per cent of total exposure including both fund based and non-fund based to capital market by a bank in all forms.

(c)The particulars of frauds perpetrated in public sector banks during the last three calender years are as follows:

(Rs. In Crores)

Calender Year	No. of Frauds	Amt. Involved
1998	1855	481.04
1999	1839	536.63
2000	1858	538.56